

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2097

ANSWERED ON:11.12.2015

Losses incurred by PSBs

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Will the Minister of FINANCE be pleased to state:

- a) the details of Public Sector Banks (PSBs) earning profit/incurred losses during each of the last three years and the current year, bank and State-wise;
- b) whether loss incurred by PSBs is due to increasing the frauds in the said banks;
- c) if so, the details thereof along with the number of fraud cases detected and the action taken against the officials/banks during the said period, bank and State-wise; and
- d) the effective measures taken/being taken by the Government to stop frauds in banks in near future?

Answer

The Minister of State in the Ministry of Finance

(a): The details of Public Sector Banks (PSBs) earning profit / incurring losses during each of the last three years and the current year is appended in the Annex-I. However, the State-wise profit is with inter-se Transfer Pricing between branches and the Head Office of the Bank. The net declared profit/loss of the Bank is worked out after giving effect of Transfer Pricing and Statutory Provisions made at Head Office.

(b): Bank losses are not directly attributable to the frauds. The decline in the profits/losses is mainly due to deterioration of the asset quality resulting in higher provisions besides increase in operational expenses.

(c): Bank wise and state wise details of fraud cases of Rs. 1 Lakh & above detected during the Financial Year 2012-13, 2013-14, 2014-15 & current year upto September, 2015 and details of the employees involved in the fraud cases during said period are at Annex-II & Annex-III.

(d): Each bank has been advised to frame and put in place a Fraud Risk Management Policy to prevent or eliminate perpetration of frauds in banks with the approval of their respective boards. Such Fraud Risk Management Policy encompasses the measures to strengthen the system & procedures, complete follow up of the laid down guidelines, observance of preventive vigilance on the part of field functionaries and effective control mechanism at Controlling Office/ Head Office.

Reserve Bank of India, in this regard, has also issued a Master Circular No.RBI.DBS.CFMC.BC.No.1/23.04.001/ 2015-16 dated July 01, 2015.
